ITEM NO. 37

STAFF REPORT

CITY OF OCEANSIDE

DATE: June 23, 2010

TO: Honorable Mayor and City Council Members

FROM: Economic and Community Development Department

SUBJECT: **ADOPTION OF RESOLUTIONS APPROVING THE MODIFIED ENGINEER'S REPORT, CONFIRMING THE DIAGRAM AND ASSESSMENTS FOR FY 2010-11, ORDERING THE ASSESSMENTS TO BE LEVIED FOR FY 2010-11 FOR THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991; AND APPROVAL OF THE TRANSFER OF $390,000 IN GAS TAX FUNDS, $10,000 IN ENERGY FEES AND $66,699 FROM THE OCEANSIDE LIGHTING DISTRICT FUND BALANCE**

SYNOPSIS

The Landscaping and Lighting Act of 1972 requires the annual renewal of the Citywide lighting district in order to levy and collect assessments for the following fiscal year. To accomplish the renewal, the City Council must hold a public hearing and adopt resolutions approving the Modified Engineer's Report, confirming the diagrams and assessments, and ordering the assessments to be levied for FY 2010-11 for the Oceanside Lighting District, Assessment District No. 2-1991; and approve the transfer of $390,000 in Gas Tax Funds, $10,000 in Energy Fees and $66,699 from the Oceanside Lighting District Fund Balance to support the District.

BACKGROUND

The Oceanside Lighting District ("District") was formed in 1991 pursuant to the authority granted by the Landscaping and Lighting Act of 1972 of the California Streets and Highways Code. The formation of the District eliminated the eight separate lighting districts covering various sections of the City of Oceanside ("City"), and provides the means to finance the operation and maintenance of the street lighting system on the public streets within the City.

Each year the City Council is required to conduct a public hearing regarding the proposed fiscal year assessments to be levied within the District. The public hearing provides all interested persons an opportunity to be heard, either in writing or orally, regarding the renewal and assessments. Since the formation of the District the assessments for the property owners within the District have remained the same.

ANALYSIS

As part of the public hearing process regarding the proposed FY 2010-11 assessments to be levied within the District, after consideration of the evidence submitted, the City Council is requested to adopt the resolutions approving the Modified Engineer's Report, confirming the diagram and assessments for FY 2010-11, and ordering the assessments. The assessments are based on a formula containing costs associated with both general and local benefit zones as shown in Exhibit B of the Modified Engineer's Report.

The general benefit zone is comprised of the streetlights located on the prime, major and secondary arterials. The general benefit zone costs, which include the City's share of the state freeway and highway lighting costs for these streets, are assessed against each parcel of land within the District. The local benefit zone is comprised of property which fronts or adjoins a collector or local street. Property within this zone is assessed its proportionate share of the costs associated with the lighting system as well as its share of the general benefit zone costs.

The benefit units assigned to a parcel are based on similar factors used to calculate the City's thoroughfare fees. The use of the property is the determining factor in the corresponding benefit unit assignment. Single-family residential homes are assigned 10 benefit units whereas shopping centers are assigned 500 benefit units per acre.

An itemized outline of District costs, including the calculation of the average annual assessment per benefit unit, is summarized in the Modified Engineer's Report and in Exhibits A, B and D. Exhibit C of the Modified Engineer's Report includes the proposed assessments to be levied against each lot and parcel of real property within the District. Exhibit C is available for review in the City Clerk's office.

The City Council is required to conduct a public hearing regarding the proposed FY 2010-11 assessments to be levied within the Oceanside Lighting District. The public hearing provides all interested persons an opportunity to be heard, either in writing or orally at the public hearing, regarding the renewal and assessments.

The current amount of revenue generated from the levy of the annual assessments is not sufficient to cover the cost to effectively operate and maintain the street lighting system within the City. In addition to operating and maintenance costs, the assessments are also used to pay off a 20-year debt created through the sale of Certificates of Participation. The proceeds from the sale of the Certificates of Participation were used to purchase the streetlights formerly owned by San Diego Gas and Electric Company. The annual debt service is approximately $250,000. The debt is scheduled to be satisfied in 2015.

The assessments levied within the District have not been increased since 1991, the year the Citywide lighting district was formed. A single-family residence is assessed $15.80 annually. Although the assessment revenue has not increased since 1991, the District expenditures have increased over the years. Electric consumption is one of the largest components of the overall expenditures that have steadily increased. Currently, the cost to provide electricity to operate the approximately 8,328 streetlights within the City boundaries is about $60,000 a month. Also, as new development occurs, additional streetlights that are installed add to the operational expenses.

FISCAL IMPACT

The annual assessments are entered on the property tax roll, collected by the County of San Diego and deposited into the lighting district's account. The total amount of the assessments levied for FY 2010-11 is anticipated to be $1,116,662 and the expenditures for FY 2010-11 are estimated at $1,587,361.

Table: 1

Revenue	
• Annual Assessments	$1,116,662
• Energy Fees	$ 10,000
• Interest	$ 3,000
• Transfer From Gas Tax	$ 390,000
• Transfer From Fund Balance	$ 66,699
Balance	$1,587,361
Expenses	
• Personnel	$ 43,600
• Material/Operating	$ 14,000
• Utilities/Traffic Signals	$ 815,000
• Interfund	$ 6,342
• Debt	$ 250,099
• Lighting District Overlay Costs	$ 46,720
• Transfer To Street Lighting Maintenance	$ 410,000
Balance	$1,587,361

In addition to the assessments of $1,116,662, the budgeted revenues for the Lighting District Fund 221 include a transfer of $390,000 from the Gas Tax Fund and an additional $10,000 from Energy Fees. In order to meet the Engineer's estimate of expenditures, it may be necessary to transfer $66,699 from the unassigned fund balance in the Oceanside Lighting District fund (221.3100.0001) to 320317221.5315.

Since the District has relied on its reserve fund to offset the increase in operating costs to balance the operating budget, funding alternatives were explored and per the direction of the City Council staff is in the process of balloting for the Proposed Citywide Lighting District 2010-1. Should this District be approved by the property owners, it would eliminate the need for transfers from the Gas Tax Funds and the Unallocated Lighting District Fund in the future.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

The Landscaping and Lighting Act of 1972 requires the annual renewal of the Citywide lighting district in order to levy and collect assessments for the following fiscal year. To accomplish the renewal, the City Council must hold a public hearing and adopt resolutions approving the Modified Engineer's Report, confirming the diagrams and assessments, and ordering the assessments to be levied for FY 2010-11 for the Oceanside Lighting District, Assessment District No. 2-1991; and approve the transfer of $390,000 in Gas Tax Funds, $10,000 in Energy Fees and $66,699 from the Oceanside Lighting District Fund Balance to support the District.

PREPARED BY:

Janet K. Grate
Program Specialist

SUBMITTED BY:

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager
Jane McVey, Economic & Community Development Director
Douglas E. Eddow, Real Property Manager
Scott O. Smith, City Engineer
Teri Ferro, Financial Services Director

Attachments: Resolutions

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, APPROVING THE CITY ENGINEER'S MODIFIED ENGINEER'S REPORT REGARDING THE 2010-2011 FISCAL YEAR RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, Section 22500 et. seq., hereinafter referred to as the "Act", the City Council of the City of Oceanside adopted Resolution No.10-R0327-1 directing the City Engineer to prepare a report on the Oceanside Lighting District, Assessment District No. 2-1991 for fiscal year 2010-2011;

WHEREAS, the City Engineer has prepared said Report as directed, presented it to the City Council for examination and was approved by City Council by Resolution No. 10-R0328-1;

WHEREAS, the City Engineer has prepared and filed a Modified Engineer's Report and said Modified Report was presented to and examined by this City Council;

NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. That the Modified Report is approved as submitted and is ordered to be filed in the Office of the City Clerk of the City of Oceanside.

SECTION 2. That the City Clerk of the City of Oceanside is directed to endorse upon the Modified Engineer's Report for the Oceanside Lighting District its approval and the date thereof.

SECTION 3. That the Modified Engineer's Report shall be the Report utilized for the 2010-2011 fiscal year renewal proceedings of the Oceanside Lighting District and shall take precedence over the report approved by City Council Resolution No. 10-R0328-1.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2010, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
Mayor of the City of Oceanside

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

Pamela Hamilton, ASST.
_____
City Attorney

ATTEST:

_____
City Clerk

Resolution approving the City Engineer's Modified Engineer's Report regarding the 2010-2011 fiscal year renewal of the Oceanside Lighting District, Assessment District No. 2-1991

MODIFIED ENGINEER'S REPORT
OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2010-2011

As directed by the City Council of the City of Oceanside, I, Scott Smith, City Engineer, respectfully submit the following Report regarding the 2010-2011 fiscal year renewal of the Oceanside Lighting District. This Report is made pursuant to Article 4 of Chapter 1 of the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the Streets and Highways Code of the State of California. This Report consists of four parts (Exhibits "A" through "D") defined as follows:

Exhibit "A" - Specifications for the improvements to be administered, operated, maintained and modified or upgraded. The plans for these improvements are part of this report and on file in the Public Works Department.

Exhibit "B" - Cost estimate for the administration, operation, maintenance and modification or upgrade of the improvements outlined in Exhibit "A".

Exhibit "C" - An assessment roll showing the proposed amount to be specifically assessed against each lot or parcel of real property within the assessment district. San Diego County Assessor's Parcel Number describes each parcel and each parcel has been assigned said number for the purposes of this proceeding. The amount assessed is based on Exhibit "B".

Exhibit "D" - Diagram showing the boundaries of the assessment district, parcels of real property within the district, and the location of the improvements. County Assessor's Number keys the diagram to Exhibit "C". The assessment roll and maps of the San Diego County Assessor shall govern for all details concerning the description, lines and dimensions of any lot or parcel shown.

Scott Smith
City Engineer

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT 2-1991
FISCAL YEAR 2010-2011

SPECIFICATIONS FOR THE STREET LIGHTING ELECTRICAL SERVICE

SECTION I. CLASSIFICATION

All streetlights in the Oceanside Lighting District shall be categorized into two classifications, as follows:

A. Class A street lights shall include all street lamps installed on overhead serviced wooden standards.

B. Class B street lights shall include all street lamps which are now installed, or are to be installed, on underground serviced non-wooden standards.

SECTION II. SCOPE OF WORK

1. Work To Be Done:

A. The work to be done consists of the furnishing of all current necessary for the illumination of the existing Class A and Class B streetlights.

B. The Contractor shall furnish all transformers, lines, switching equipment and such other materials and devices to provide current of the proper requirements to Class A and Class B street lighting circuits.

2. Electrical Current:

The current supplied shall not vary more than 5% plus or minus from that for which the system was designed. The service locations for all Class A and Class B street lighting circuits are shown on plans on file in the Office of the City Engineer.

3. Lamps to Be Lighted:

The Contractors shall furnish current, as hereinbefore specified, to all lamps that are shown on the plans for the lighting district and to provide switching service for lighting said lamps from 15 minutes after sunset to 30 minutes before sunrise every day of the year.

SECTION III. SUPERVISION

The work to be done and the service to be rendered herein provided for shall be done under the general supervision of the Public Works Director. Additionally, the Public Works Director will provide notification in writing of any imperfect work or insufficient service that needs correction.

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2010-2011

EXHIBIT "B"

MAINTENANCE AND ADMINISTRATIVE EXPENSES SUMMARY	Approved Budget FY2009-10	Projected Expenses FY2010-11
EXPENSES	Combined per Year	Combined per Year
1. Personnel	$42,300	$43,600
2. Operating Expenses		
a. Materials	*$0*	*$5,000*
b. Professional Services	*$8,500*	*$8,500*
c. Advertising	*$500*	*$500*
Sub-Total Operating Expenses	$9,000	$14,000
3. Utilities		
3a. Street Lights	*$729,240*	*$675,000*
3b. Traffic Signals	*$0*	*$140,000*
3c. Energy Contingency	*$17,502*	
Sub-Total Utilities	$746,742	$815,000
4. Non-Capital Improvements	$0	$0
5. Interfund	$4,230	$6,342
6. Radio Network	$0	$1,600
7. Debt Service	$253,410	$250,099
8. Lighting District Overlay Costs	$80,000	$46,720 (1)
9. Transfer to Street Lighting Maintenance	$410,000	$410,000 (2)
TOTAL EXPENSES	$1,545,682	$1,587,361
TOTAL EXPENSES (W/O ENERGY RES.)	**$1,528,180**	

REVENUE SUMMARY	Approved Budget 2009-10	Projected Revenue 2010-11
REVENUE	Combined per Year	Combined per Year
Total Annual Assessments	$1,109,966	$1,116,662
Transfer from Gas Tax	$390,000	$390,000 (3)
18-Month Energy Fees	$15,000	$10,000
Transfer from Fund Balance	$10,214	$66,699 (4)
Fund Balance Interest	$3,000	$4,000
TOTAL REVENUE	**$1,528,180**	**$1,587,361**

ASSESSMENT UNIT SUMMARY	FY 2009-10	Projected FY 2010-11
No. of Assessment Units		
Local	580,458	580,296
Non-Local	1,187,287	1,208,211
Weighted Average per Assessment Unit		
Local	1.2628	1.2628
Non-Local	0.3175	0.3175
Annual Assessment		
Per Single Family Residence	$15.80	$15.80
Per Condominium Unit	$12.84	$12.84

FUND BALANCE ACCOUNT		
Fund Balance	(as of 5/25/2010)	$248,237
Transfer from Fund Balance		$66,699
Estimated ending Fund Balance		$181,538

Footnotes

(1) A a total of $46,720 may be necessary for the Proposed Citywide Lighting District 2010-1 for FY 2010-11.
(2) A total of $410,000 will be transferred to the Transportation Division to offset Street Light Maintenance costs.
(3) A a total of $390,000 will be transferred from the Gas Tax Fund to cover the anticipated shortfall for FY 2010-11.
(4) $66,699 if needed may be transferred from the Fund Balance to cover an additional shortfall.

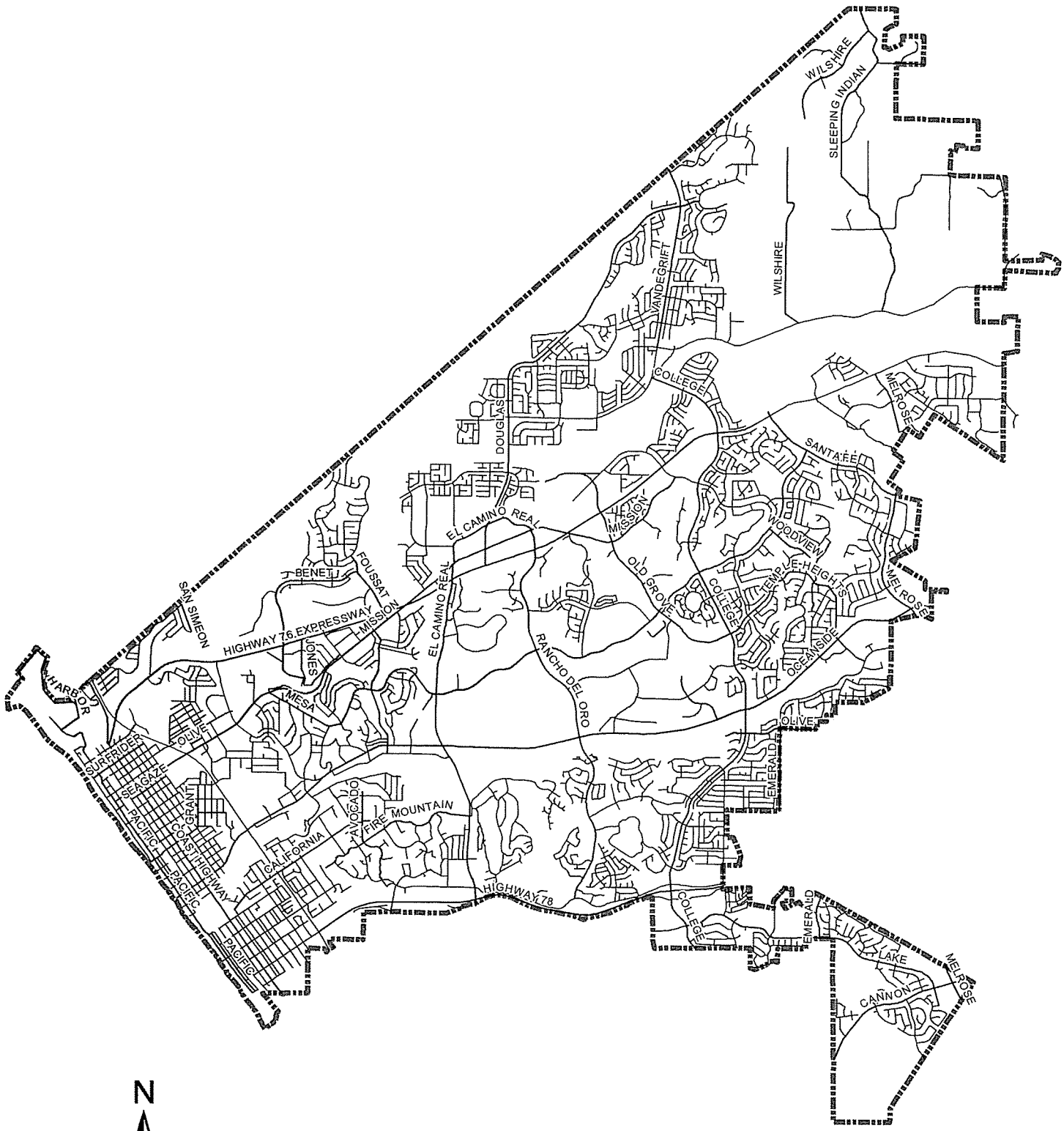
EXHIBIT "C" CONTAINS THE PROPOSED AMOUNT TO BE ASSESSED ON EACH LOT AND PARCEL WITHIN THE DISTRICT.

EXHIBIT "C" IS MADE A PART OF THE MODIFIED ENGINEER'S REPORT PER COUNCIL ACTION ON June 23, 2010.

Oceanside Lighting District,
Assessment District No. 2-1991

ASSESSMENT DIAGRAM
OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991

Exhibit D



No Scale

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, CONFIRMING THE 2010-2011 FISCAL YEAR DIAGRAM AND ASSESSMENT FOR THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code of California, Section 22500 et seq., hereinafter referred to as the "Act", the City Council of the City of Oceanside adopted Resolution No. 10-R0329-1 declaring its intention to levy and collect assessments for fiscal year 2010-2011 to pay the maintenance, operations and administrative costs for appurtenant improvements within the Oceanside Lighting District, Assessment District No. 2-1991;

WHEREAS, said resolution also set a public hearing for June 23, 2010, at 6:00 p.m., or as soon thereafter as possible, in the City Council Chambers located at 300 North Coast Highway, Oceanside, California, as the time and place to hear protests and objections to the proposed assessment and the renewal of said district.

WHEREAS, the City Clerk of the City of Oceanside has given notice of said hearing by publishing the resolution of Intention, as required by Section 22626 of the Act;

WHEREAS, the City Engineer has prepared and filed with the City Clerk, and the City Clerk has presented to the City Council, a Report in connection with the levy and collection of assessments upon eligible parcels of land within the District, and the City Council did by Resolution No.10-R0328-1 approve such Report.

WHEREAS, said Report, on file with the City Clerk of the City of Oceanside, contains a full and detailed description of the boundaries of the assessment district, the proposed assessments to be levied against each assessable lot or parcel of land within the district, and a description of the improvements to be maintained or modified;

WHEREAS, the City Council of the City of Oceanside adopted Resolution No. which approved the Modified Engineer's Report regarding the district's proposed 2010-2011 costs and assessments;

WHEREAS, the City Council of the City of Oceanside has examined and considered the proposed assessment in said Report and proceedings prior thereto, in addition to the evidence presented at said hearing; and

WHEREAS, upon completion of said hearing, the City Council of the City of Oceanside determined that a majority protest did not exist.

NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. That on June 23, 2010, at 6:00 p.m., said hearing on the proposed 2010-2011 fiscal year assessment and renewal was duly held, and each and every step required under the Act and the California Constitution to levy said assessment and renew said district in the proceedings prior to and including said hearing has been duly taken.

SECTION 2. That the Modified Engineer's Report was examined by this City Council and the City Council does determine that the Modified Engineer's Report, approved by its Resolution No. and the amount of the assessment rates shown in said Report, should be confirmed.

SECTION 3. That the City Council does determine that the amounts to be assessed against the individual parcels shown on the assessment diagram contained in said Report are approved and confirmed, and the City Clerk of the City of Oceanside is directed to endorse upon the Modified Engineer's Report for the Oceanside Lighting District its approval and the date thereof.

SECTION 4. The City Clerk of the City of Oceanside is directed to file said diagram and assessment as required by Section 22641 of the Act.

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PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____ 2010, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

_____
Mayor of the City of Oceanside

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

ATTEST:

_____
City Attorney

_____
City Clerk

Resolution confirming the fiscal year 2010-2011 diagram and assessment for the Oceanside Lighting District, Assessment District No. 2-1991